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MEMORANDUM FOR: General Counsel

SUBJECT : Compensation for Retirees Reemployed
Under Contract

REFERENCE : Memo for D/PERS fr DDP/OP dtd 13 Jul 65,
subject: Compensation for Annuitants Employed
on Contract (Voluntary Longevity Retirement)
(Attached)

1. Referenced memorandum proposes a policy for compensating retirees who are reemployed on contract at the rate applicable to the duties performed with no offset for annuity payments. If the combined salary rate and annuity would exceed the retiree's salary at time of retirement, his contract salary would be reduced by such excess. This policy would apply to retirees under either the Civil Service or the CIA Retirement systems who are specially qualified to perform projects essential to Clandestine Services operations.

2. In effect, this policy would, I believe, constitute a waiver by the Director of Central Intelligence of the provisions of the Civil Service Retirement Act and the Agency's retirement law pertaining to compensation of reemployed annuitants. Assuming that such waiver would be exercised only to accomplish essential work for which our retirees are specially qualified, would the broad authorities granted to the Director in matters of compensation empower him to adopt the policy proposed?

3. I would appreciate your advice as to the extent of the Director's latitude in this regard before seeking policy approval of this proposal.

Emmett D. Echols
Director of Personnel

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